GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:76
ANSWERED ON:25.07.2005
ROLE OF COMMISSION FOR AGRICULTURAL COSTS AND PRICES
Prasad Shri Hari Kewal;Thummar Shri Virjibhai

Will the Minister of AGRICULTURE be pleased to state:

(a) the role of Commission for Agricultural Costs and Prices in fixing the prices of foodgrains;

(b) whether the said commission is functioning properly;

(c) whether the Government is ignoring the recommendations of the said commission;

(d) if so, the reasons therefor;

(e) the steps taken by the government to provide remunerative prices to the farmers; and

(f) the success achieved by the government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTI LAL BHURIA)

(a) & (b)The Commission for Agricultural Costs and Prices (CACP), an expert body entrusted with the task to advise on price policy, recommends Minimum Support Prices (MSPs) of agricultural commodities, including foodgrains, keeping in view
(i) the need to provide incentive to the producer for adopting improved technology and for developing a production pattern broadly in the light of national requirements;
(ii) the need to ensure rational utilization of land, water and other production resources; and
(iii) the likely effect of the price policy on the rest of the economy, particularly on the cost of living, level of wages, industrial cost structure, etc.

Apart from making a comprehensive overview of the entire structure of the economy of a particular commodity, the CACP considers the cost of production, changes in input prices, input/output price parity, trends in market prices, demand and supply situation, inter-crop price parity, effect on industrial cost structure, effect on general price level, effect on cost of living, international market price situation, parity between prices paid and prices received by farmers(Terms of Trade) while formulating its recommendations on price policy. Besides, the Commission undertakes field visits for close interaction with farmers in different parts of the country.

(c) & (d) By and large, with nominal small deviations the Government concurs with the recommendations .A statement indicating the MSPs of foodgrains recommended by CACP and fixed by Government since 2001-02 is enclosed (Annexure I).

(e) & (f) The Government announces each season Minimum Support Prices (MSPs) for major agricultural commodities and organizes purchase operations through public and cooperatives agencies such as Food Corporation of India (FCI), Jute Corporation of India (JCI), Cotton Corporation of India (CCI), National Agricultural Cooperative Marketing Federation (NAFED) and Tobacco Board, besides other agencies designated by the State Governments. The designated Central nodal agencies are required to intervene in the market for undertaking purchase operations in case the prices fall below the MSPs fixed by the Government.

There has been massive procurement of agricultural commodities under price support scheme in recent years indicating the success of Government policy in this regard. The details of purchases by the Government agencies under the price support scheme since 2002-03 are enclosed (Annexure II).

ANNEXURE I

STATEMENT REFERRED TO IN REPLY TO LOK SABHA UNSTARRED QUESTION NO.76 BY SHRI HARIKEWAL PRASAD AND SHRI V.K. THUMMAR REGARDING ROLE OF COMMISSION FOR AGRICULTURAL COSTS AND PRICES DUE FOR ANSWER ON 25.07.2005. Minimum Support Prices recommended by CACP and announced by Government for Foodgrains

(According to Crop Year)

(Rupees per quintal)

Commodity		2001-02	2002-03	Special Drought Relief Price	2003-04	2004-05	2005-06
Paddy Common	R	520	530	20	550	560	560
	A	530	530	20	550	560	570
Grade A	R	550	560	20	580	590	600
	A	560	560	20	580	590	600
Jowar	R	485	485	5	505	515	525
	A	485	485	5	505	515	525
Bajra	R	485	485	10	505	515	525
	A	485	485	10	505	515	525
Maize	R	485	485	5	505	525	525
	A	485	485	5	505	525	540
Ragi	R	485	485	5	505	515	540
	A	485	485	5	505	515	525
Wheat	R	620	620	10	630	640	525
	A	620	620	10	630	640	
Barley	R	500	500	5	525	540	
	A	500	500	5	525	540	

R- Recommended A- Announced

ANNEXURE II

STATEMENT REFERRED TO IN REPLY TO LOK SABHA UNSTARRED QUESTION NO.76 BY SHRI HARIKEWAL PRASAD AND SHRI V.K. THUMMAR REGARDING ROLE OF COMMISSION FOR AGRICULTURAL COSTS AND PRICES DUE FOR ANSWER ON 25.07.2005.

PROCUREMENT OF FOODGRAINS

(in Lakh Tonnes)

Year	Rice (October-September)	Coarse Grains (October- September)	Wheat (April - March)
2002-03	164.11	0.60	190.25
2003-04	228.28	6.51	158.01
2004-05	232.48	8.27	167.96
2005-06 (upto 20.07.2005)	147.87	(upto 20.07.2005)	(upto 20.07.2005)